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Chairman: Mr. Niculescu ..... (Romania)

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The meeting was called to order at 3.20 p.m.

Agenda item 101: High-level international intergovernmental consideration of financing for development (*continued*) (A/55/74, 139, 315, 375 and 459; A/C.2/55/6 and A/C.2/55/L.45)

1. **Mr. Osio** (Nigeria), speaking on behalf of the Group of 77 and China, said that financing for development was a subject of fundamental importance to developing countries. He welcomed the fact that Member States had agreed on an agenda for the process and the conference, and he also welcomed the regional consultative meetings and the hearings with civil society and the forthcoming hearing with the private sector. The importance of consultations with major institutional stakeholders could not be over-emphasized.

2. It would be preferable for the event to be hosted by one of the developing countries. Moreover, it was no longer appropriate to refer to it merely as an event. A definitive name should be adopted before the next substantive session of the Preparatory Committee.

3. **Mr. Kpotsra** (Togo), speaking on behalf of the Organization of African Unity (OAU), welcomed the decisions adopted by the Preparatory Committee, including the decision to postpone the event to 2002 and the one regarding the adoption of a provisional agenda for the event.

4. In view of the importance of financing for development, the international event should take the form of an international conference or a high-level political meeting of the United Nations, in which all stakeholders should participate. Its success would depend upon the involvement of all Member States and stakeholders. The Bretton Woods institutions and the World Trade Organization should take part in the preparatory process as well as in the conference itself. Civil society and the private sector also had a contribution to make and his delegation therefore welcomed the hearings of representatives of non-governmental organizations and looked forward to the meetings with the private sector. The regional intergovernmental consultations were also useful to the preparatory process.

5. African countries placed great hopes in the international event on financing for development. The Organization of African Unity Summit held in July 2000 had invited the industrialized countries to take stronger initiatives to eliminate the debt problem of those countries and had requested the international community to do everything possible to ensure that globalization served the interests of all countries, without discrimination.

6. Unfortunately, the recent discussions in the Preparatory Committee on the form, format, venue and date of the international event had shown that not everyone understood that it was in the interests of the North to promote the economic and social development of the South. He therefore appealed to all Member States and stakeholders to contribute to the efforts to find solutions to the problems affecting the African continent.

7. **Mr. Liu** Jingtao (China) said that his delegation was in favour of postponing the event to 2002. The event should take the form of an independent international conference and should be held in a developing country; it should attract broad participation of all stakeholders, and the United Nations should play a leading role in the process. Participation should be at the highest level.

8. It was unfortunate that, despite the efforts of various parties, agreement had yet to be reached on procedural issues. All parties should display more flexibility in order to conclude at an early date the discussion of procedural issues, including the form, name and venue of the event, as well as the participation of institutional stakeholders, in order to begin the substantive preparatory work.

9. He welcomed the hearing of non-governmental organizations which had been held at the beginning of the month. Certain non-institutional stakeholders could also enhance their contribution to the preparatory process. In view of the postponement of the final event to 2002, the deadline for the application by non-governmental organizations for participation in the final event and the preparatory process could also be extended.

10. Finally, he said that his delegation would cooperate with the other countries involved to ensure the success of the final event.

11. **Mr. Talbot** (Guyana), speaking on behalf of the member States of the Caribbean Community, said that financing for development was essential for the meaningful advancement of the development agenda. It was of particular significance to small States that faced

enormous development challenges in an increasingly hostile global economic environment.

12. Many Caribbean countries were heavily dependent on trade in a single commodity or a few commodities. The income of such States was therefore much more volatile than that of larger States; some countries had seen their export earnings reduced by half as a result of liberalization in the agricultural sector. The erosion of trade preferences provided to disadvantaged economies, high energy and transportation costs and weak human and institutional capacities translated into very high development costs for small economies. Indeed, for most developing countries, access to developed country markets for their exports was at least as critical as the provision of external financing.

13. It was clear that trade liberalization had occurred mainly in developing markets, while those areas of interest to developing countries remained protected. Cutting the trade barriers by half would result in a 100 billion dollar gain for developing countries. The principle of special and differential treatment would have to be fully applied if developing countries were to have a fair chance to participate in the global economy. Moreover, the limitations and inherent vulnerabilities of small and vulnerable economies must be recognized. The Caribbean States would need realistic periods of transition and adequate financing.

14. Local capital markets should be strengthened so as to ensure that all participants were adequately supervised and that social safety nets were provided for the most vulnerable sectors of the population.

15. It was therefore essential that the special concerns of the smaller members of the international community should be adequately addressed and that any new rules and norms should be sensitive to the interests of small economies.

16. In view of the inequities and imbalances of the global economic system, there was need for greater democracy and transparency in the decision-making processes of the monetary, financial and trading institutions. The United Nations should work with other multilateral institutions to ensure equity in the distribution of the benefits of the global economy. In that regard, the role of the United Nations in promoting policy coherence and coordination in economic decision-making should be strengthened. Specific and concrete initiatives were also needed in the areas of official development assistance and debt relief.

17. Finally, he said that CARICOM agreed that the event should be a high-level conference, and that it should be hosted by a developing country.

18. **Ms. Narangua** (Mongolia) said that too much time had been spent discussing the timing, venue, and modalities for participation of the relevant stakeholders. Attention should be focused rather, on the substantive issues to be discussed during the event. Development and prosperity could not be achieved without partnerships involving Governments, international organizations, the business community and civil society. The international financial institutions must be made more transparent, accountable and participatory.

19. The efforts of the landlocked developing countries to enter world markets were being impeded by their remoteness and the inadequacy of their transport infrastructures. Unless the international community made a fresh attempt to assist those countries financially in real terms, there was little hope that the various decisions taken concerning those countries would be implemented. That was why the landlocked developing countries attached much importance to the event on financing for development.

20. Her delegation agreed that the event should be held in the first quarter of the year 2002 and it believed that the regional consultations and civil society hearings already held and the private sector hearings that had yet to be held would contribute to the decisions of the high-level event.

21. **Mr. Suh** Dae-won (Republic of Korea) recalled that, during the Millennium Summit in September 2000, world leaders had recognized that globalization presented special difficulties for developing countries, and that the only way to properly address those difficulties would be through broad, concerted action by the international community; they had committed themselves to ensuring the success of the high-level event. In fact, his delegation believed that the success of the event would depend in large measure on adequate input from civil society and private sector stakeholders, as well as from key institutions such as the World Bank, the International Monetary Fund (IMF) and WTO. Great progress had already been made during the preparatory process to develop

modalities of participation at all levels and a dialogue had been established with civil society via the Internet.

22. It was necessary to look at the possible outcome of the high-level event in order to guide the preparatory process and focus future discussion. To that end, certain points should be considered. First, the final declaration should be a concise document, expressing a strong political will for concerted action, in line with the model of the Millennium Declaration. Second, it was vital to improve policy coherence among stakeholders by increasing coordination. Third, the outcome of the event and its follow-up process should be dealt with as an integral part of the implementation of the Millennium Declaration.

23. In the context of globalization and economic liberalization, empowered actors, other than governmental stakeholders, had become increasingly influential in policy-making. The success of the event would therefore depend to a large extent on the level of partnership at both the national and international levels.

24. In view of the complexity of the issues and the actors involved, it had become increasingly important to ensure adequate information-sharing and efficient communication at every stage. The Secretariat had made an excellent contribution by continuously updating the web site of the high-level event; new ways should be explored to ensure that developing countries had improved access to that information tool so as to ensure a more balanced participation of non-governmental organizations from developing countries in hearings and other events.

25. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Group of Landlocked Developing Countries, said that the Group supported the decision to postpone the event to the first quarter of 2002 and agreed that the event should be held in a developing country with representation at the highest level and the broadest possible participation.

26. Landlocked developing countries continued to suffer from very high transportation costs and adverse trading conditions. Technological advances in transport and communication had been an important factor in the role of trade as an engine of global growth and one of the most important aspects of such advances had been the reduction of transaction costs. However, traditional analysis of the role of trade in financing for development assumed the absence of such costs, which meant that the impact of transaction costs on competitive market conditions and the role of technological change in influencing such conditions was ignored. As a result, attention had been concentrated on other impediments to trade, such as tariffs and quotas. Members of the Group of Landlocked Countries did not benefit to the same extent as other countries from reductions in such trade barriers. They would require special treatment to help them reduce the negative impact of their natural barriers in order to reap the full benefit of trade. In particular, since technology played such an important role in reducing natural barriers, special attention needed to be given to financing access to appropriate technologies. Accordingly, during the high-level event, every effort should be made to find the necessary financing to ensure full implementation of the 1995 Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community.

27. Many of the impediments faced by the landlocked developing countries could not be resolved solely by the market system. They would therefore have a greater need for official development assistance and should therefore be considered as a special category in discussions on the role of official development assistance.

28. In the context of globalization, liberalization and technological advances, there was deep concern about the increasing marginalization of the landlocked developing countries. The Group had called for new measures for duty-free and quota-free access for their goods and services to be considered within the multilateral trade negotiations and other preferential arrangements.

29. **Mr. Adhikari** (Nepal) said that the high-level event on financing for development should have the broadest possible participation of different stakeholders; accordingly, financial assistance would need to be provided so that the least developed countries could participate in the preparatory committee meetings and in the event itself. His delegation believed that the participation of civil society in the preparatory process needed to be expanded to include women, trade unions, the media and key opinion makers from developing and developed countries. In view of its importance, the high-level event should be held in a developing country

and representation should be at the highest political level.

30. The high-level event should examine three issues in depth. First, the need to mobilize more internal resources so that developing countries did not have to rely on foreign aid for their development in the long term; developed countries could help those countries introduce institutional and tax reforms and should provide them with further debt relief. Second, the developed countries should abide by the pledges they had made to provide 0.7 per cent of their gross national product in official development assistance to the developing countries and 0.15 per cent to the least developed countries and those amounts should be channelled to poverty reduction as a priority. Third, the developing countries should be assisted to integrate their economies into the global economy by improving their access to developing country markets so as to mitigate the negative consequences of globalization and expand their economic base.

31. The outcomes of the thematic global conferences held over the last decade remained unimplemented owing, largely, to lack of resources. The high-level event should ensure resources and follow-up mechanisms for the implementation of the pledges made at those conferences and for addressing other issues relating to development financing.

Draft resolution on preparations for the substantive preparatory process and the high-level international, intergovernmental event (A/C.2/55/L.45)

32. **The Chairman** drew attention to the draft resolution contained in document A/C.2/55/L.45.

33. **The Secretary** said that, according to the draft resolution the high-level event on financing for development would be rescheduled from June 2001 to the first quarter of 2002 and that an extra, final substantive session of the Preparatory Committee should be held in January 2002.

34. Referring to the programme budget implications, she said that, should the General Assembly adopt the draft resolution, and assuming that the high-level event would be held in New York, there would be additional costs of approximately $666,000 for the extension of conference servicing and for the operation of the Coordinating Secretariat beyond 31 December 2001.

35. The estimates for conference servicing were based on the assumption that it would not be possible to provide the required services from the existing conference capacity of the Organization. However, that could only be determined in the light of the calendar of conferences and meetings for the biennium 2002-2003, which was currently being prepared and included provisions for conference services reflecting the pattern of meetings and conferences held in past years. As a result, it was not anticipated that the adoption of the draft resolution would require additional resources in the proposed programme budget for the biennium 2002-2003. Should the high-level event be held away from headquarters, any additional costs incurred in convening the meeting would be borne by the host Government, in accordance with established procedures.

36. With regard to the continuation of the Coordinating Secretariat beyond 2001, the Secretary-General would review the existing arrangements and include the corresponding proposals in the programme budget for the biennium 2002-2003.

37. *The draft resolution contained in document A/C.2/55/L.45 was adopted.*

The meeting rose at 4.35 p.m.